(BRPSE) in September, 2006 and it was observed that in the absence of any detailed feasibility study as to the demand of the product, the competition in the market place, the production capacities required for breakeven levels and the capacity of HCL to compete, a decision on the proposed strategy could not be taken.

On the recommendations of BRPSE a fresh detailed techno-economic feasibility study of HCL has been commissioned with IIT Kharagpur on 17.01.2007 which is to be completed in four months.

Motors fuels under VAT

*308. SHRIMATI HEMA MALINI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact Government have received representation from oil industry for bringing motor fuels under VAT as this will enable to reduce the burden of flaring crude prices on common man;

(b) whether it is also a fact that the VAT regime will enble to reationalise the varying State taxes; and

(c) if so, by when it is expected to be implemented?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) to (c) Yes, Sir. As per Constitution, levying of tax on sale or purchase (including VAT) of Motor Fuels comes within the purview of State Governments. An Empowered Committee of State Finance Ministers (EC) has been constituted, *inter-alia*, to deliberate upon matters concerning Sales Tax and to make recommendations to the States in matters concerning Sales Tax/VAT. Accordingly Petroleum Federation of India (Petrofed) on behalf of Oil Gas Industry had made a representation in July 2005 to the Chairman of Empowered Committee of State Finance Ministers on VAT for giving the benefits of full set-off and credit mechanism available under VAT to the petroleum sector. As per the EC recommendations, petrol, diesel, Aviation Turbine Fuel (ATF) and other motor spirits are subject to 20% floor rate of tax and have been kept outside VAT (*i.e.* non-vatable). The EC or the State Government have not taken any decision to bring motor spirits under VAT.